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SUBJECT: AUSTRIAN EU PRESIDENCY UPS THE ANTE ON ENERGY
AFTER RUSSIA-UKRAINE SPAT

This message is sensitive but unclassified.

¶1. (U) Summary: In response to the dispute over natural gas supplies between Ukraine and Russia, Austrian officials have given new weight to their plan of making energy a focal point of Austria's EU presidency. Foreign Minister Ursula Plassnik said in a public statement that the EU would discuss energy at many different levels during the EU presidency, including the spring European Council Summit. On January 3, the Chief of Staff to the Economics Minister told Charge and Econ/Pol Counselor that the EU would approach the topic from the perspective of the security of supply to both the EU and Ukraine. End summary.

¶2. (U) Plassnik praised the agreement between Russia and Ukraine, saying that it reflected their recognition of an obligation to Europe's energy supply.

¶3. (SBU) In his January 3 meeting with the Charge and Econ/Pol Counselor, Martin Eichtinger, Chief of Staff to Economics Minister Bartenstein, stressed that energy -- which is already on the agenda for the European Council summit -- would now be an even more urgent matter, with multiple discussions leading up to the spring summit. The European Commission's Coordination Group on Gas met in Brussels January 4 (much earlier than originally scheduled) to discuss strategies to secure Europe's energy supply, with representatives from both the Ukraine and Russia attending. In a press statement after the meeting, Bartenstein -- who opened the meeting -- and Andris Piebalgs, EU Energy Commissioner, said that the key lesson learned in the past week was the need to develop a coordinated energy policy.

¶4. (U) Bartenstein said in a press interview January 4 that the EU would focus on both supply safety and investment security. Bartenstein pointed to Europe's heavy dependency on Russian gas through only one supply pipeline as an example of the urgency of the situation. All Russian gas supplies to western Europe pass through the distribution center at Baumgarten, on the Austrian-Slovak border. Bartenstein noted the planned gas pipeline Nabucco, which would deliver gas from Central Asia to Europe as one medium-term solution. Energy efficiency and alternative energies were other

possibilities Bartenstein cited.

15. (U) Embassy translation of Foreign Minister Plassnik's press release from January 4, 2006:

Foreign Minister Ursula Plassnik welcomes the agreement between Gazprom and the Ukrainian energy provider Naftogas that was reached last night.

"The situation was difficult, but the two companies have come to a joint solution. Russia and Ukraine have shown that they are aware of their obligation to Europe's energy supply", Plassnik said.

Recent developments have shown everybody how closely connected the European continent is in its energy supply. All European countries share an interest in reaching common solutions and concepts to ensure a sustainable protection of their energy interests," Plassnik emphasized.

"The EU will be dealing with the energy issue during the Austria Presidency extensively on different levels. For example, we will be drafting an expert report for the heads of government on the occasion of spring summit. A high-ranking Austrian expert, OMV CEO Wolfgang Ruttenstorfer will be contributing to this report", the Foreign Minister said. (End press release)

16. (SBU) Embassy will report septel on the role the Austrian company Raiffeisen Investment AG played in the Russian-Ukrainian gas deal

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